

STATE BUDGET AND CONTROL BOARD

Meeting of Wednesday, January 13, 2010 -- 9:00 A. M.

Governor's Conference Room, Wade Hampton Building

AGENDA INDEX

Item	Agency	Subject
A. ADOPTION OF PROPOSED AGENDA		
B. REGULAR SESSION		
1.	Office of State Budget	Clemson University Wind Turbine Drivetrain Test Facility
2.	Department of Commerce	Resolution Providing for the Issuance and Sale under S.C. Code § 55-11-520 of General Obligation State Air Carrier Hub Terminal Facilities Bonds
3.	Department of Commerce	Resolution Providing for the Issuance and Sale under S.C. Code § 11-41-50(A) of General Obligation State Economic Development Bonds
4.	Department of Commerce	Resolution Providing for the Issuance and Sale under S.C. Code § 11-41-50(B)(i) of General Obligation State Economic Development Bonds
5.	Department of Commerce	An Intergovernmental Agreement by and between the South Carolina Department of Commerce and the Office of State Treasurer

AGENCY: Office of State Budget

SUBJECT: Clemson University Wind Turbine Drivetrain Test Facility

Clemson University has received a \$45 million grant from the US Department of Energy under the American Recovery and Reinvestment Act of 2009 to construct a wind turbine drivetrain test facility at its Restoration Institute in Charleston. With matching resources, the project will be an investment of \$98 million in South Carolina. The grant will be used to design, develop, construct and operate a wind turbine drivetrain test facility for highly accelerated testing of drivetrains for wind turbines. The facility will service the wind industry and promote industry, university and government collaboration in research and workforce development. Clemson estimates the facility will create 113 temporary construction jobs and will bring 21 full-time positions to the area once it is operational, as well as providing additional indirect jobs. The federal funding requires a compressed time frame to develop the project and expend the grant funds in order to meet the objectives of job creation, positive impact in economically distressed areas in the US, and preservation and economic recovery in an expeditious manner.

The \$98 million project includes the donation of 11.211 acres of land with two buildings from the Charleston Naval Complex Redevelopment Authority to Clemson University to be the site for the facility. The property is adjacent to the Restoration Institute campus. The Department of Energy has requested that the acquisition of the property be completed no later than February 1, 2010. Once the donation is completed, Clemson will renovate approximately 52,000 square feet of existing facilities to house and support the test facility. The facility will include two test bays, cranes for moving equipment, and office and instrumentation space.

To accomplish this work, Clemson requests approval of two permanent improvement project requests. The donation of the property from the Charleston RDA to Clemson, H12-9888, will be established at no cost, as Clemson will not expend any funds to accept the property. The Office of State Budget has reviewed the environmental study information and approves its use in granting this request. The project for the Wind Turbine Drivetrain Test Facility Construction, H12-9889, will be established for \$64 million and will be funded with \$45 million in federal DOE grant funds, \$3 million in Commerce Department funds, \$6 million in Charleston RDA funds, \$7 million in state funds, and \$3 million of Clemson's Institutional Capital Project funds. Additional annual operating costs ranging from \$90,000 to \$284,000 will result in the three years following project completion. The agency reports the projected date for execution of the construction contract is March 2010 and for completion of construction is December 2012.

In addition to accepting the donation and completing the construction project, Clemson anticipates that the lease of some Clemson property to related businesses and easements and rights of way associated with development of the property will be needed to accomplish the project. Clemson also anticipates some budget modifications may be required by DOE as the project develops and requests some flexibility in dealing with these issues.

AGENCY: Office of State Budget

SUBJECT: Clemson University Wind Turbine Drivetrain Test Facility

BOARD ACTION REQUESTED:

For Clemson's Wind Turbine Drivetrain Test Facility, the Board is asked to:

- 1) approve the donation of 11.211 acres of land with improvements from the Charleston Redevelopment Authority to Clemson University and approve the establishment of the associated permanent improvement project, H12-9888, at no cost;
- 2) approve the establishment of a permanent improvement project, H12-9889, Wind Turbine Drivetrain Test Facility Construction, in the amount of \$64 million to be funded with Federal and Other fund sources;
- 3) delegate authority to the staff of the Joint Bond Review Committee and Office of State Budget to review and approve budget modifications that might be required by the US Department of Energy as the project develops; and
- 4) delegate authority to the staff of the General Services Division to review and approve the lease of Clemson property at the Restoration Institute and any easements and rights of way associated with development of the wind turbine drivetrain test facility.

ATTACHMENTS:

Agenda item worksheet; Project Executive Summary; Plat; Environmental Letter; Property Acquisition Information Format


BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: January 13, 2010

Regular Agenda

1. Submitted By:

- (a) Agency: Office of State Budget
(b) Authorized Official Signature:


Les Boles, Director

2. Subject: Clemson University Wind Turbine Drivetrain Test Facility

3. Summary Background Information:

Clemson University has received a \$45 million grant from the US Department of Energy under the American Recovery and Reinvestment Act of 2009 to construct a wind turbine drivetrain test facility at its Restoration Institute in Charleston. With matching resources, the project will be an investment of \$98 million in South Carolina. The grant will be used to design, develop, construct and operate a wind turbine drivetrain test facility for highly accelerated testing of drivetrains for wind turbines. The facility will service the wind industry and promote industry, university and government collaboration in research and workforce development. Clemson estimates the facility will create 113 temporary construction jobs and will bring 21 full-time positions to the area once it is operational, as well as providing additional indirect jobs. The federal funding requires a compressed time frame to develop the project and expend the grant funds in order to meet the objectives of job creation, positive impact in economically distressed areas in the US, and preservation and economic recovery in an expeditious manner.

The \$98 million project includes the donation of 11.211 acres of land with two buildings from the Charleston Naval Complex Redevelopment Authority to Clemson University to be the site for the facility. The property is adjacent to the Restoration Institute campus. The Department of Energy has requested that the acquisition of the property be completed no later than February 1, 2010. Once the donation is completed, Clemson will renovate approximately 52,000 square feet of existing facilities to house and support the test facility. The facility will include two test bays, cranes for moving equipment, and office and instrumentation space.

To accomplish this work, Clemson requests approval of two permanent improvement project requests. The donation of the property from the Charleston RDA to Clemson, H12-9888, will be established at no cost, as Clemson will not expend any funds to accept the property. The Office of State Budget has reviewed the environmental study information and approves its use in granting this request. The project for the Wind Turbine Drivetrain Test Facility Construction, H12-9889, will be established for \$64 million and will be funded with \$45 million in federal DOE grant funds, \$3 million in Commerce Department funds, \$6 million in Charleston RDA funds, \$7 million in state funds, and \$3 million of Clemson's Institutional Capital Project funds. Additional annual operating costs ranging from \$90,000 to \$284,000 will result in the three years following project completion. The agency reports the projected date for execution of the construction contract is March 2010 and for completion of construction is December 2012.

In addition to accepting the donation and completing the construction project, Clemson anticipates that the lease of some Clemson property to related businesses and easements and rights of way associated with development of the property will be needed to accomplish the project. Clemson also anticipates some budget modifications may be required by DOE as the project develops and requests some flexibility in dealing with these issues.

4. What is Board asked to do?

For Clemson's Wind Turbine Drivetrain Test Facility, the Board is asked to:

- 1) approve the donation of 11.211 acres of land with improvements from the Charleston Redevelopment Authority to Clemson University and approve the establishment of the associated permanent improvement project, H12-9888, at no cost;
- 2) approve the establishment of a permanent improvement project, H12-9889, Wind Turbine Drivetrain Test Facility Construction, in the amount of \$64 million to be funded with Federal and Other fund sources;
- 3) delegate authority to the staff of the Joint Bond Review Committee and Office of State Budget to review and approve budget modifications that might be required by the US Department of Energy as the project develops; and
- 4) delegate authority to the staff of the General Services Division to review and approve the lease of Clemson property at the Restoration Institute and any easements and rights of way associated with development of the wind turbine drivetrain test facility.

5. What is the recommendation of the Budget Office?

Recommend approval of the donation of 11.211 acres of land with improvements from the Charleston Redevelopment Authority to Clemson University and its associated permanent improvement project, approval of the establishment of a permanent improvement project, H12-9889 Wind Turbine Drivetrain Test Facility Construction, in the amount of \$64 million, and delegation of authority to staff of the Joint Bond Review Committee and Office of State Budget to review and approve budget modifications that might be required by the US Department of Energy and to staff of the General Services Division to review and approve the lease of Clemson property at the Restoration Institute and any easements and rights of way associated with development of the wind turbine drivetrain test facility.

6. List of Supporting Documents:

- a. Project Executive Summary
- b. Plat
- c. Environmental Letter
- d. Property Acquisition Information Format

Wind Turbine Drivetrain Test Facility – Clemson University Restoration Institute

Project Executive Summary

Project Overview

Clemson University through the Clemson University Restoration Institute (CURI) has received a \$45 million grant from the US Department of Energy (DOE) under the American Recovery and Reinvestment Act of 2009. With matching resources this project will be an investment of approximately \$98 million in South Carolina. The grant will be used to design, develop, construct and operate a Wind Turbine Drivetrain Test Facility for highly accelerated testing of drivetrains for wind turbines. This state-of-the-art facility will permit the full-scale testing of advanced drivetrain systems for Wind Turbines in the 5 megawatt to 20 megawatt (MW) range to ensure availability and access to Drivetrain manufacturers for utilization on a commercial basis as well as generating new knowledge that leads to improved designs and reliability of these systems.

As the offshore wind market emerges along the East Coast of the US and land-based turbines grow in size, South Carolina is strategically positioned to serve as an industrial hub for this growing industry. The facility's primary mission will be to service the wind industry and secondarily to promote industry/university/ government collaboration in research and workforce development. It is anticipated that over the next 20 years, the facility will serve as the catalyst for a wind industry cluster to form including manufacturing. Clemson will establish an experienced team to ensure proper execution of the project and its safe operations. Clemson University estimates the facility will create 110 temporary construction jobs and will bring 21 full-time positions to the area once it is operational. It is anticipated the job creation potential associated with the build out of a wind energy cluster could be in the 1,000's.

The ARRA funding requires a compressed time frame to develop the project and expend the grant funds in order to meet the objectives of job creation, positive impact in economically distressed areas in the U.S. and preservation and economic recovery in an expeditious manner.

Partners

Clemson University

CURI

Charleston Naval Complex Redevelopment Authority (RDA)

SC State Ports Authority

The City of North Charleston

The State of SC

The SC Department of Commerce

The Savannah River National Laboratory

SCANA Corporation

Fluor Corporation
Renk Labeco
CMMC LLC

Funding

\$45.0 M DOE grant

\$51.07 M match*

\$96.07 Total project

*Of the \$51.07 M in match, \$25.79 M is in cash and \$25.28 M is in-kind gifts.

The DOE funds will be used to renovate the existing buildings and to purchase equipment.

Construction/renovation approximately \$24M

Equipment purchases \$40 M

Property

11.21 acres transferred from the RDA which includes two buildings that will be renovated to house and support the test facility.

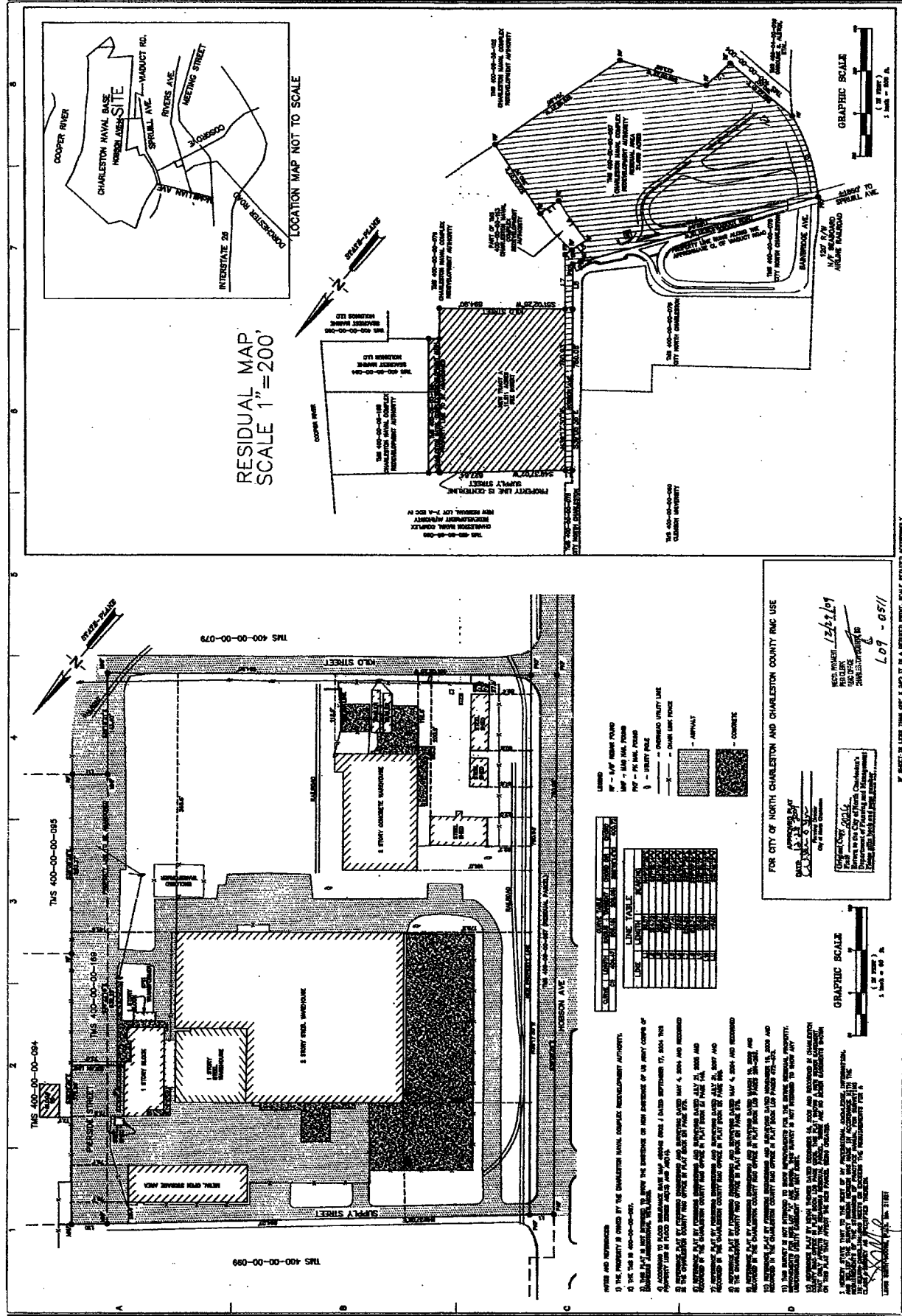
Facility

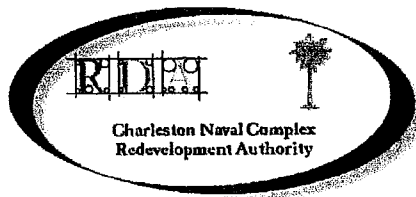
The facility will be located in Bldg. 69 at the Charleston Naval Complex. It will be a part of the CURI campus. Building 69 will have two test bays, cranes for moving equipment, as well as office and instrumentation space. A rail spur will facilitate the delivery and departure of Drivetrain units. The port infrastructure will provide loading and unloading of drivetrains.

The facility will consist of two test rigs equipped with independent drive systems. Simultaneous testing of two 7.5 MW drivetrains are possible and the capability to test up to 20 MW drivetrains. A climate chamber and sound separation system will be available for use on either rig.

State approvals requested by Clemson to implement the project

1. Transfer of property from RDA to Clemson University
2. Establish a permanent improvement project for renovation/construction of the facility
3. Allow JBRC and B&CB staff approval for lease outs and easements related to Clemson's property in North Charleston.
4. Allow JBRC and B&CB staff approval of budget modifications that may required by DOE as the project develops.





January 7, 2010

Asst. Dir., Carol Routh
Office of State Budget
Division of Budget Analysis
1201 Main Street, Suite 870
Columbia, South Carolina 29201

Dear Ms. Routh,

I am the Executive Director of the Charleston Naval Complex Redevelopment Authority (RDA) the State agency that is being asked to transfer property to Clemson University in support of their CURI campus and the new Wind Turbine Drive Train Testing Facility. The RDA is also the agency that was created by the State to take possession of the entire former Charleston Naval Complex from the U. S. Navy.

As a part of the transfer of ownership from the Navy, the State, in this case DHEC and EPA, required and continue to require substantial investigation, remediation, and monitoring of the entire Complex of which the property to be transferred to Clemson is a part. The Navy has spent tens of millions of dollars on the investigation and cleanup of the Complex and also requires its cleanup contractor to hold \$20M worth of environmental insurance until sometime after 2020 for anything that might be discovered.

In taking ownership of the property from the Navy, the State was also asked by the Navy to approve deferral of the covenant under federal law that requires the deed of transfer to provide a covenant warranting that all environmental remediation has been completed. The Navy and RDA asked that this be approved by the Governor to facilitate the transfer of the property to the State. The letter from the Governor states "It is my understanding the Department of the Navy will continue to be responsible for any remediation activities on these parcels and this request will not waive any rights of the State of South Carolina during this process." I have enclosed a copy of the letter from the Governor for your review.

Also as a part of the transfer, DHEC and the Navy required that the RDA enter into a Brownfield Agreement for the former Complex, which requires the RDA,

among other things, to maintain the covenants and restrictions placed on the property by the Navy. In the case of this transfer, the Building 69 Block is the only portion that does not have a current Phase I, but the RDA is in compliance with its agreement with DHEC concerning the maintenance of the covenants and restrictions placed on the property and further, it has been leased to the SC Ports Authority for several years now, many of those years without a tenant.

In support of Clemson, the City of North Charleston, and the SPA, and because of the fast approaching transfer, the RDA contracted with the environmental contractor for those entities to provide an update to the portions of property with a current Phase I and to provide a Phase I for the 69 Block. This report is due on the 8th, but might not be reviewed and completed until the week of the 15th. However, the State (RDA) currently holds title to the property, has a Brownfield Agreement that is in compliance, the Navy is responsible for the cleanup per the Governor, DHEC and federal law and has private environmental insurance. Further, no surprises are expected from this latest review of the property and I am sure that DHEC can confirm all that I have stated.

I believe that the State is forever entwined with the former Naval Complex and I see no reason why transfer of the property to Clemson University should not be approved given the effort devoted to investigation and cleanup thus far.

I hope this information is helpful to you, and should you have any questions, please let me know.

With kind regards

A handwritten signature in black ink, appearing to read 'Robert Ryan', with a large, stylized flourish extending to the right.

Robert Ryan
Executive Director

Enclosures

**State of South Carolina****Office of the Governor**MARK SANFORD
GOVERNORPost Office Box 12267
COLUMBIA 29211

February 4, 2005

Mr. Wayne Army
Acting Assistant Secretary of the Navy
(Installations and Environment)
1000 Navy Pentagon
Washington, DC 20350-1000

Dear Mr. Army,

On behalf of the State of South Carolina, thank you for your letter requesting my approval of the early transfer of approximately 469.51 acres at the former Charleston Naval Complex, North Charleston, SC to the Charleston Naval Complex Redevelopment Authority (the "RDA").

This request relates to the EDC-Phase IV parcels to be transferred at the Charleston Naval Complex. In order to continue development, the RDA has requested the expedited transfer of these parcels. It is my understanding that this property will be conveyed to the RDA pursuant to an approved Economic Development Conveyance (EDC - Phase IV). Upon transfer of this property to the RDA, the majority of the property will be conveyed to the City of North Charleston and the SC State Ports Authority in accordance with state legislation.

Federal law requires in the deed of transfer a covenant warranting all environmental remediation is complete and the property to be transferred has met all applicable environmental standards. Under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), 42 U.S.C. §9620(h)(3)(C), I approve the deferral of the covenant requirement prior to the transfer of the property.

Based on the documentation accompanying the Department of the Navy's request, the transfer of the aforementioned property will comply with the requirements found in the applicable CERCLA sections. It is my understanding the Department of the Navy will continue to be responsible for any remediation activities on these parcels, and this request will not waive any rights of the State of South Carolina during this process. Therefore, I find the land suitable for transfer in accordance with 42 U.S.C. §9620(h)(3)(C), and I defer the covenant required by 42 U.S.C. §9620(h)(3)(A)(ii)(1).

Sincerely,

A handwritten signature in dark ink, appearing to read "Mark Sanford".

Mark Sanford

MS/hw

PROPERTY ACQUISITION INFORMATION FORMAT

PART I

1. Project Number: 9888
2. County: Charleston County
3. Description of Property: Charleston Naval Complex
4. Grantor(s) Name and Address: Charleston Naval Complex Redevelopment Authority
1360 Truxtun Avenue, Suite 300
North Charleston, SC 29405-2005
5. Grantee(s) Name and Address: Clemson University
201 Sikes Hall
Clemson, SC 29634
6. County Location: Supply Street, City of N. Charleston, SC
7. Acreage: 11.211 acres
8. Purpose for Acquisition: Transfer of land and building for the construction of a wind turbine train test facility
9. Demonstrate the need to acquire the property: Transfer of land and buildings directly to Clemson University from Charleston Naval Complex Redevelopment Authority. This property is required to meet U.S. DOE grant award to construct a wind turbine drive train test facility.
10. Purchase Price: Transfer of property at no cost.

PART II

1. How many sites were evaluated?
2. Please list the selection criteria used to evaluate sites. N/A
3. How was the final selection of the site made? The location of the property to meet the requirement of the U.S. DOE proposal for rail, port and land access.
4. Why was this specific site selected?
5. What is the estimated cost of any construction or renovations to be done on the property and the anticipated source of funds for such work? \$64 Million.

6. What are the estimated additional annual operating costs which will result from acquisition of property and the anticipated source of funds? Explain the factors that determine the cost. If no costs, explain why not. N/A
7. What are the estimated additional annual operating costs which will result from construction/renovation on the property and the anticipated source of funds? Explain the factors that determine the costs. If no costs, explain why not. Approximately \$200,000/year for operating and maintaining after completion of construction/renovation. University general funds and generated revenues will be used to fund these expenses.

AGENCY: Department of Commerce

SUBJECT: Resolution Providing for the Issuance and Sale under S.C. Code § 55-11-520 of
General Obligation State Air Carrier Hub Terminal Facilities Bonds

The Board will consider the approval of a resolution providing for the issuance and sale under S.C. Code § 55-11-520 of General Obligation State Air Carrier Hub Terminal Facilities Bonds of the State of South Carolina, prescribing the purposes for which the proceeds shall be expended, providing for the payment thereof, and other matters relating thereto.

BOARD ACTION REQUESTED:

Approve the resolution providing for the issuance and sale under S.C. Code § 55-11-520 of General Obligation State Air Carrier Hub Terminal Facilities Bonds of the State of South Carolina.

ATTACHMENTS:

To be provided

STATE BUDGET AND CONTROL BOARD
MEETING OF January 13, 2010

REGULAR SESSION
ITEM NUMBER 3

AGENCY: Department of Commerce

SUBJECT: Resolution Providing for the Issuance and Sale under S.C. Code § 11-41-50(A) of General Obligation State Economic Development Bonds

The Board will consider the approval of a resolution to provide for the issuance and sale under S.C. Code § 11-41-50(A) of General Obligation State Economic Development Bonds of the State of South Carolina, to prescribe the purposes for which the proceeds shall be expended, to provide for the payment thereof, and other matters relating thereto.

BOARD ACTION REQUESTED:

Approve the resolution providing for the issuance and sale under S.C. Code § 11-41-50(A) of General Obligation State Economic Development Bonds of the State of South Carolina.

ATTACHMENTS:

To be provided

STATE BUDGET AND CONTROL BOARD
MEETING OF January 13, 2010

REGULAR SESSION
ITEM NUMBER 4

AGENCY: Department of Commerce

SUBJECT: Resolution Providing for the Issuance and Sale under S.C. Code § 11-41-50(B)(i) of General Obligation State Economic Development Bonds

The Board will consider the approval of a resolution to provide for the issuance and sale under S.C. Code § 11-41-50(B)(i) of General Obligation State Economic Development Bonds of the State of South Carolina, to prescribe the purposes for which the proceeds shall be expended, to provide for the payment thereof, and other matters relating thereto.

BOARD ACTION REQUESTED:

Approve the resolution providing for the issuance and sale under S.C. Code § 11-41-50(B)(i) of General Obligation State Economic Development Bonds of the State of South Carolina.

ATTACHMENTS:

To be provided

STATE BUDGET AND CONTROL BOARD
MEETING OF January 13, 2010

REGULAR SESSION
ITEM NUMBER 5

AGENCY: State Treasurer's Office

SUBJECT: An Intergovernmental Agreement by and between the South Carolina Department of Commerce and the Office of State Treasurer

The Board is asked to approve a loan and ratify an Inter-Agency Agreement by and between the South Carolina Department of Commerce and the Office of State Treasurer providing for bridge financing until such time as General Obligation Economic Development Bonds are issued. The loan will be repaid with bond proceeds immediately upon issuance of General Obligation Economic Development Bonds.

BOARD ACTION REQUESTED:

Approve the loan and ratify the Intergovernmental Agreement by and between the South Carolina Department of Commerce and the Office of State Treasurer.

ATTACHMENTS:

To be provided